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Spatial Analysis of 5-Star Hotels in Istanbul

Kutlu DEMIRER

MSc student of Real Estate Development
at the Institute of Science and Technology,
Istanbul Technical University, Istanbul, Turkey

kdemirer@hotmail.com

ABSTRACT

Turkey has achieved great success in the tourism sector which started a greater than ever trend towards hotel investments. While, new investors are entering to the market, international brands are pursuing strategies to increase their existing supply. Istanbul, Turkey's largest city, besides being a world-famous tourist attraction, also draws substantial foreign investment which escalates both the demand and supply in the hotel market.

In the light of previous researches conducted by Dökmeci and Balta (1999) this research focuses on the supply side and the spatial development of high-end hotels in Istanbul. By revisiting the works of von Thünen and Alonso, compares rings of urban location for hotels in Istanbul in terms of rent as overnight room rates.

Location data are accumulated from Ministry of Tourism, local municipalities, chambers and unions. Overnight hotel rates were collected through internet booking sites, telephone inquiries and visits during October, November and December of 2010.

As the polycentric development of the city has increased over the last decade and many functions have been decentralized or shifted, the analysis reveals valuable insight into urban tourism pattern. The results coincide with the concentric rings described by the previous researches although many new hotels were constructed, new sub-centers had formed and the importance of sub-centers has increased dramatically.

1. INTRODUCTION

Parallel with rapidly growing and non-monocentric structure of developing cities, Istanbul offers researches the dynamism of spatial structure. This paper contributes to researches on multi-centric spatial analysis by a detailed breakdown of 5-star hotels in Istanbul, testing the analytical framework formulated by previous researches conducted by Dökmeci and Balta (1999) (1) over a decade ago.

Istanbul, connecting Asia and Europe is the biggest settlement of Turkey with its population surpassing 13 million. Istanbul has shown a polycentric growth since the last three decades not only by demographic or market forces but also by Metropolitan Area Master Plan (2), promoting such a structure.

2. BACKGROUND OF THE DEVELOPMENT OF TURKEY AND ISTANBUL

Turkey as being the 17th biggest economy with its USD 729 billion GDP (IMF, 2010), is a growing market attracting many investors.

As being the major city of Turkey, Istanbul's share in the GDP of Turkey is 22%; providing 45% of the tax revenues; realizing more than half of the foreign trade and hosting 76% of the Foreign Direct Investment to the country. (3)

Table.1

FDI ATTRACTING COUNTRIES (2006)		
Rank	COUNTRY	$ Billion
1	USA	177.3
2	UK	169.8
3	CHINA	111.4
4	FRANCE	88.4
5	SINGAPORE	31.9
6	ITALY	30.0
7	RUSSIA	28.4
8	MEXICO	18.9
9	TURKEY	17.1
10	POLAND	16.2

Source: UNCTAD 2007

Moreover, Istanbul is one of the most attractive cities in the world with its cultural, historical treasures and entertainment facilities. Istanbul has always been one of the main hubs of trade and economy as it lies on major trade routes and hosts many multi-national companies establishing their regional head-quarters.

As a result, increasing interest towards Turkey and Istanbul is seen from the figures as Turkey became the 9th country in the world for the overall tourism receipts and 7th in incoming tourists.

Table.2

TOURISM REVENUE 2009		
Rank	COUNTRY	$ Billion
1	USA	94.2
2	SPAIN	53.2
3	FRANCE	48.7
4	ITALY	40.2

5	CHINA	39.7
6	GERMANY	34.7
7	UK	30.1
8	AUSTRALIA	25.6
9	TURKEY	21.3
10	AUSTRIA	N/A

Source: World Tourism & Travel Council2010

Table.3

NUMBER OF TOURISTS 2009		
Rank	COUNTRY	Million People
1	FRANCE	74.2
2	USA	54.9
3	SPAIN	52.2
4	CHINA	50.9
5	ITALY	43.2
6	UK	28.0
7	TURKEY	25.5
8	GERMANY	24.2
9	MALASIA	23.6
10	MEXICO	21.5

Source: World Tourism & Travel Council 2010

3. HISTORICAL DEVELOPMENT OF HOTELS IN ISTANBUL

Historically, Istanbul was the capital of Roman, Byzantine and Ottoman Empires. Until the mid-19th century, there were only small auberges with maximum 10 or 15 beds serving foreign visitors. Construction of the European-style high quality hotels started at the end of the first half of the 19th century as a matter a necessity due to the increased trade and political relationships with European countries, especially in the European quarter (Beyoglu) and and the Bosphorus villages where foreigners used to live (3). Hotel d'Angelleterre (1841), Pera Palace (1892) and Tokatliyan (1994) are among the most estinguished hotels of the time.

Table.4

MAJOR INT. HOTEL CHAINS IN TURKEY	
HILTON	1955
CLUB MED	1966
MERCURE	1970
INTERCONTINENTAL	1971
SHERATON	1975
ROBINSON CLUB	1984
RAMADA HOTELS	1986
ALDIANA	1987
BEST WESTERN	1988
IBEROTEL	1988
HOLIDAY INN	1990
CORINTHIA	1990
MAGIC LIFE	1991
SWISSOTEL	1991
KEMPINSKI	1991
CONRAD	1992
GLOBAL HYATT	1993
RENAISSANCE	1994
FOUR SEASONS	1996
RADISSON SAS	1998
RITZ CARLTON	2000
MÖVENPICK	2001
CROWNE PLAZA	2003

MARITIM	2004
BARCELO	2004
IBIS	2007
NOVOTEL	2007
INTOURIST	2007
W HOTELS	2008
HOWTHORN	2008
RADISSON BLUE	2008
SENTIDO	2009
BLUE COLLECTION	2009
SENSIMAR	2009
PRIMASOL	2009
GOLDEN TULIP	2009
HILTON WORLD WIDE RESORT	2009
HILTON GARDEN INN	2010
HAMPTON BY HILTON	2010

Source: Ekin Group Research 2010

The stimulated need for accommodation escalated the need for supply which can be clearly seen at the next table comparing the top performing countries in terms of tourists per bed.

Table.5

NUMBER OF BEDS 2009

Rank	COUNTRY	No. of Beds	Incoming Tourists / Bed
1	USA	8,500,000	6.46
2	FRANCE	5,800,000	12.79
3	ITALY	4,600,000	9.39
4	GERMANY	3,200,000	7.56
5	SPAIN	3,150,000	16.57
6	CHINA	3,100,000	16.42
7	UK	2,800,000	10.00
8	NEDERLANDS	1,200,000	8.27

9	TURKEY	1,000,000	25.50
10	AUSTRIA	960,000	22.24
Source: World Tourism & Travel Council 2010			

There are also new constructions and renovations going on in Istanbul hotel industry.

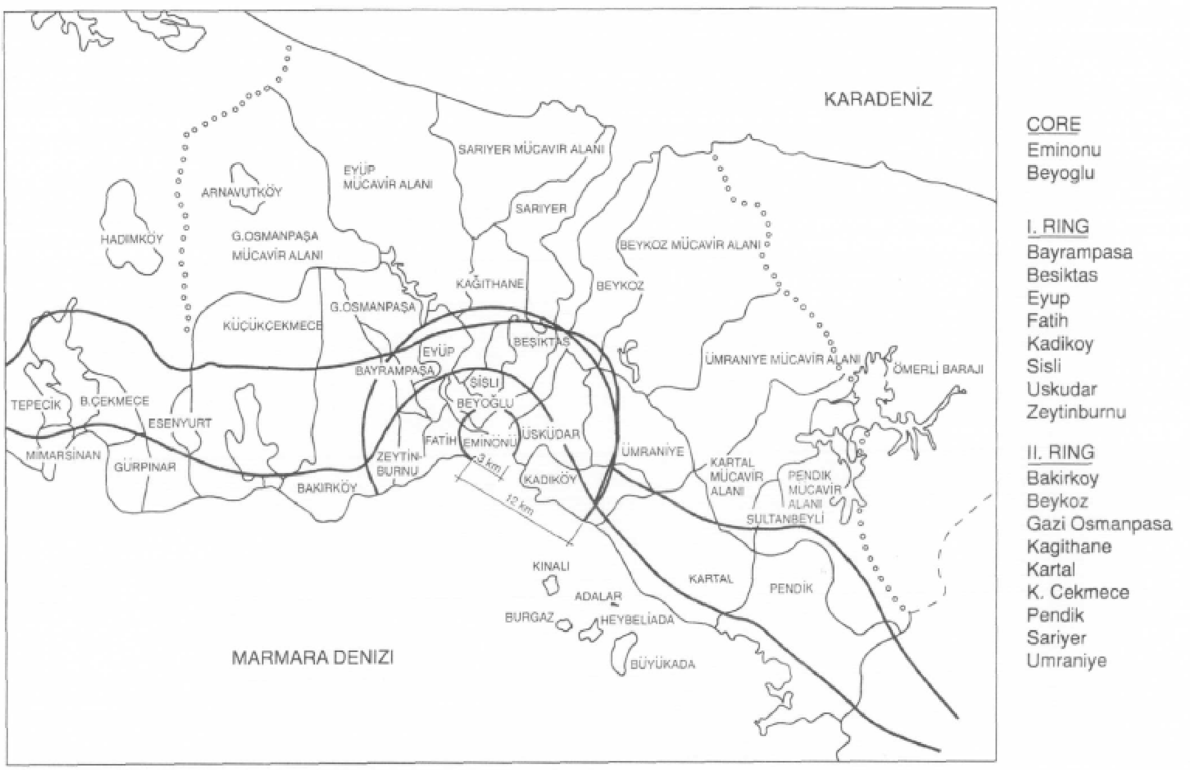
Table.6

5-Star Hotels Pipeline	
EDITION BY MARRIOTT	2011
DOUBLETREE BY HILTON OLD CITY	2011
LE MERIDIEN ISTANBUL	2011
DOUBLETREE BY HILTON MODA	2011
DIVAN (Renovation)	2011
G.H.TARABYA (Renovation)	2012
RADISSON BLU	2012
SHANGRI-LA	2012

4. SPATIAL DISTRIBUTION OF 5-STAR HOTELS IN ISTANBUL OVER TIME

The spatial distribution of 5-Star hotels was investigated in the core, the first ring and the second ring over time.

Figure.1



Istanbul's concentric rings.

Table.7

NUMBER OF 5-STAR HOTELS IN ISTANBUL			
	1976	1995	2010
TOTAL	10	17	47
CORE	4	2	8
Beyoglu	3	2	6
Eminonu	1		2
1.REGION	4	10	24
Besiktas		4	5
Eyup			

Fatih	1	3	5
Kadıkoy	2		3
Sisli	1	3	11
Uskudar			
Z.burnu			
2.REGION	2	5	15
Adalar			
Bakirkoy		1	7
Beykoz			
Catalca			
GOP			
Kartal	1		4
Sarıyer	1	2	
Silivri		2	4
Sile			
Source: Ministry of Tourism			

It can be seen clearly that there has been a dramatic increase in the number of 5-Star hotels during the last decade, especially in the first and the second ring. The increasing number indicates the need of accessibility to the new business centers, better transportation, communication needs and new life patterns.

5. LOCATION OF 5-STAR HOTELS AND THEIR OVERNIGHT RATES

Table.8

CORE

Name	Location	daily rate (€) /room	no.of rooms
Four Seasons Sultanahmet	Eminonu	320	65
Legacy Ottoman Hotel	Eminonu	83	172

Elite World Istanbul Hotel	Taksim	95	232
Grand Hyatt Istanbul	Taksim	205	360
InterContinental Ceylan Istanbul	Taksim	135	388
Istanbul Hilton	Taksim	308	498
The Marmara	Taksim	162	375
The Ritz-Carlton Istanbul	Taksim	255	244
CORE		197	2334

I.RING

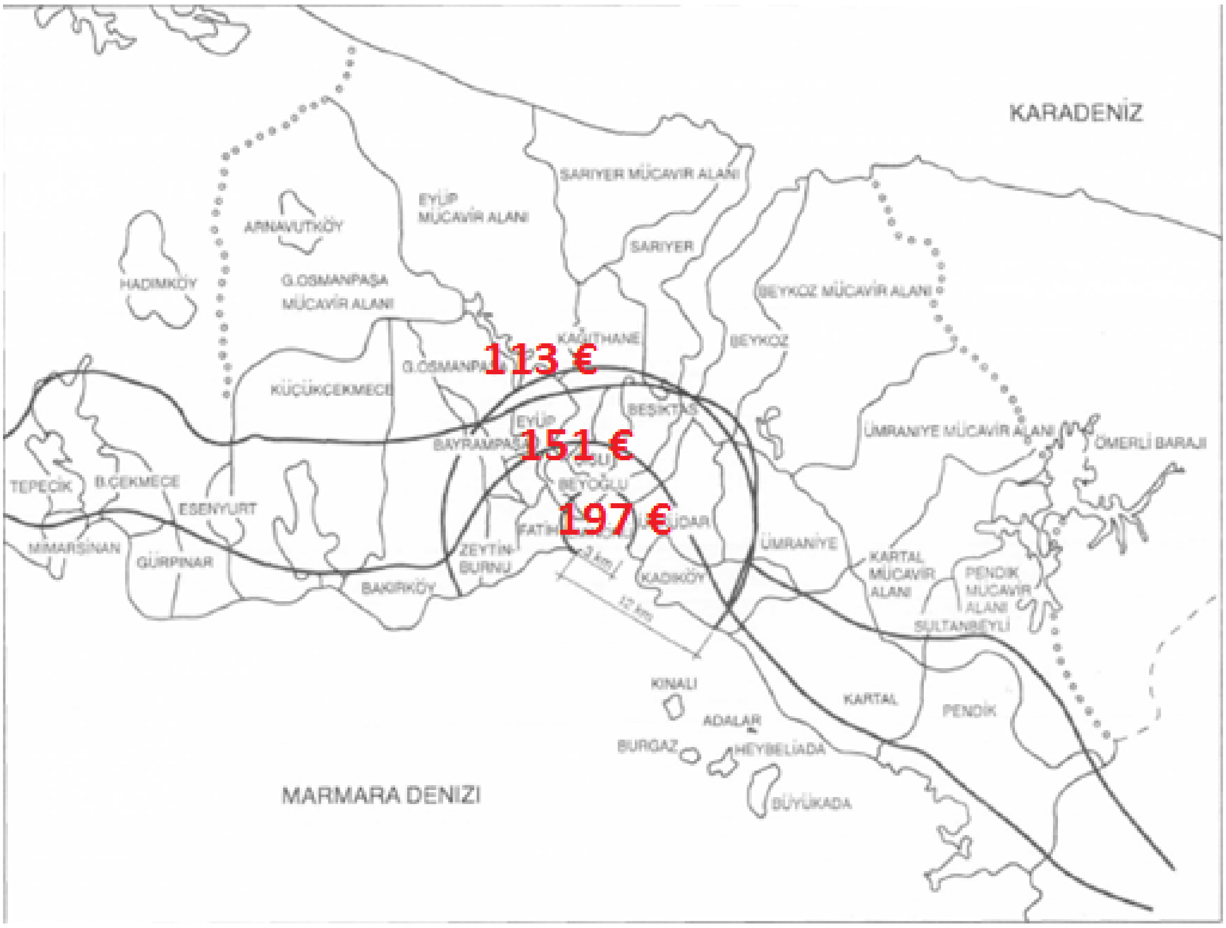
Name	Location	daily rate (€) /room	no.of rooms
Cıragan Palace Kempinsky	Beşiktas	414	313
Four Seasons Istanbul at the Bosphorus	Beşiktas	316	170
Conrad Istanbul	Beşiktaş	158	590
Radisson Blu Bosphorus	Beşiktaş	203	120
W Istanbul	Beşiktaş	197	50
Akgün Hotel	Fatih	110	275
Barcelo Eresin Topkapı	Fatih	74	249
Celal Aga Konağı Hotel	Fatih	90	87
Crown Plaza Hotel Istanbul Old City	Fatih	89	265
Holiday Inn Istanbul City	Fatih	86	178
Dedeman Istanbul	Şişli	108	325
Grand Cevahir	Şişli	89	323
Moevenpick Istanbul	Şişli	151	249
Point Hotel Bosphorus	Şişli	165	204

Ramada Plaza Istanbul City Center	Şişli	100	176
Sheraton Maslak	Şişli	150	305
Sürmeli Istanbul Hotel	Şişli	117	205
Swissotel The Bosphorus	Şişli	156	497
The Plaza Hotel	Şişli	147	234
The Point Hotel Barbaros	Şişli	185	202
The Sofa Hotel	Şişli	150	82
ByOtell Asia	Kadıköy	127	146
Istanbul Marriott Asia	Bostancı	143	238
The Green Park Hotel Bostancı	Bostancı	88	196
I. RING		151	5679
II.RING			
Name	Location	daily rate (€) /room	no.of rooms
Cınar Hotel	Bakırköy	125	225
Holiday Inn Istanbul Airport Hotel	Bakırköy	86	330
Renaissance Polat Istanbul Hotel	Bakırköy	144	414
Sheraton Ataköy	Bakırköy	158	285
The Green Park Merter	Bakırköy	91	140
Titanic Port Hotel	Bakırköy	89	181
WOW Istanbul Hotel	Bakırköy	89	275
Ramada Kaya Plaza	Beylikdüzü	118	317
Radisson Blu Conference Hotel	K.Çekmece	132	326
Titanic Business Hotel	Kartal	77	192

Artemis Marine Princess	**Kumburgaz**	**120**	**393**
Elite Dragos	**Maltepe**	**99**	**132**
Divan Istanbul Asia	**Pendik**	**128**	**231**
The Green Park Pendik Hotel	**Pendik**	**108**	**538**
Via Hotel Istanbul	**Pendik**	**90**	**330**
II. RING		**113**	**4309**

The study brings out as placing the hotels to the concentric circles of Istanbul we find new centers and areas with increasing importance for high-end hotels.

Figure.2



Average daily rate per room at the 5-star hotels in rings.

The findings show that in the core, the average daily rate room is 197€. As we move away to the first and second rings we see that the average daily room rate decreases to 151€ and 113 € respectively.

6. CONCLUSION

The hospitality industry and its sub segment of 5-star hotels is the main attraction for the real estate developers in Turkey and Istanbul since five years.

The findings reveal that many new hotels are being opened and many more are in the pipeline. Developers and investment bankers perceive ever increasing opportunities as they investigate tourism statistics, occupancy rates and increasing rates.

The findings emphasize that there are both new centers and a shift of focus for the hotel industry in the metropolitan Istanbul. There is a continuing transformation to a polycentric city. The spatial structure of these large metropolitan regions has evolved with major concentrations of businesses, employment and also transportation.

It can be said that the core -the old CBD- is not the only point of interest but as being the historic down town and continuing trade retains it to be the focal point for the hospitality sector.

Revealing new up-to-date data makes us revisit the works of von Thünen. The observable spatial hierarchy of hotels happens to continue around the core despite the unique timing and setting of the city into a multicentered megacity.

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